

AMENDED IN ASSEMBLY APRIL 5, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 555

Introduced by Assembly Members Dutra and Correa

February 21, 2001

An act to *amend Sections 10153.2 and 10170.5 of, and to add Part 4 (commencing with Section 11500) to Division 4 of the Business and Professions Code, relating to common interest development managers.*

LEGISLATIVE COUNSEL'S DIGEST

AB 555, as amended, Dutra. Common interest development managers.

(1) Existing law, the Davis-Stirling Common Interest Development Act, establishes a scheme for the regulation of common interest developments.

This bill would establish a program for the registration of managers of common interest developments. The bill would create the California Common Interest Development Manager Registration Council ~~and it~~ *which* would have specified duties and powers, including the charging of fees to applicants for registration as common interest development managers.

(2) *Existing law requires applicants for the real estate broker license examination and applicants for a real estate license renewal to meet certain education requirements.*

This bill would include in those requirements education in the subject of California law relating to managing community associations that own, operate, and maintain common interest developments.

Because this bill would make it a misdemeanor for a person to violate the registration requirements and other provisions of the bill, it would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature hereby finds and declares all of
2 the following:

3 (a) A large number of Californians find housing in the more
4 than 33,000 common interest developments in this state.
5 California common interest developments contain over three
6 million homes, that house more than nine million people.

7 (b) Homes in common interest developments are no different
8 than homes that are not; in that they most often represent the
9 owner's single largest lifetime investment.

10 (c) The ability of an owner living in a common interest
11 development to maintain the value of his or her *financial*
12 investment, and to enjoy his or her home is directly affected by the
13 quality of the management provided by the community association
14 to which the homeowner belongs, and which oversees the
15 operation of the common interest development.

16 (d) The management and operation of common interest
17 developments is governed by a complex set of laws contained in
18 the Civil, Corporations, Government, and Health and Safety
19 Codes, and in federal statutes. In addition to possessing an
20 understanding of this significant body of law, the successful
21 professional common interest development management and the
22 operations of a common interest development require
23 fundamental skills in subjects including, but not limited to,
24 finance; accounting *and bookkeeping*, contract administration,
25 human resources, and parliamentary procedure.



(e) Common interest development managers are *often* delegated the authority, by the governing body of the common interest development, to collect, ~~invest and expend~~ *and disburse* hundreds of thousands, and sometimes millions of dollars annually in homeowner assessments, for the purpose of maintaining and operating the community.

(f) Mismanagement of common interest developments has resulted in financial and personal harm to common interest developments, as well as legal liability for the owners of *separate interests* living in the common interest development.

(g) The growth in common interest developments, coupled with the addition of governing statutes, has created a demand for individuals who possess the necessary skills and technical expertise to act as common interest development managers.

(h) Currently, there are no statutory mandatory educational or skill standards that individuals who may be hired for compensation to manage a common interest development are required to meet. This lack of required qualifications has resulted in problems in the area of common interest development management. In essence, any person can be a common interest development manager without *related* education.

(i) To protect the over nine million Californians who reside in common interest developments in this state, common interest development managers should be required to ~~obtain~~ *possess* certain minimal skills if they offer their services for compensation to California common interest developments, and to provide this information to the public who could be most harmed.

SEC. 2. Section 10153.2 of the Business and Professions Code is amended to read:

10153.2. (a) An applicant to take the examination for an original real estate broker license shall also submit evidence, satisfactory to the commissioner, of successful completion, at an accredited institution, of:

(1) A three-semester unit course, or the quarter equivalent thereof, in each of the following:

(A) Real estate practice.

(B) Legal aspects of real estate.

(C) Real estate appraisal.

(D) Real estate financing.

(E) Real estate economics or accounting.

(2) A three-semester unit course, or the quarter equivalent thereof, in any of the following:

(A) Advanced legal aspects of real estate.

(B) Advanced real estate finance.

(C) Advanced real estate appraisal.

(D) Business law.

(E) Escrows.

(F) Real estate principles.

(G) Property management.

(H) Real estate office administration.

(I) Mortgage loan brokering and lending.

(J) *California law that relates to managing community associations that own, operate and maintain common interest developments, including, but not limited to, topics covered by the Davis-Stirling Common Interest Development Act.*

(3) On and after January 1, 1986, an applicant shall submit evidence of successful completion of each of the courses listed in paragraph (1) and any three of the courses listed in paragraph (2).

(b) The commissioner shall waive the requirements of this section for an applicant who is a member of the State Bar of California and shall waive the requirements for which an applicant has successfully completed an equivalent course of study as determined under Section 10153.5.

(c) The commissioner shall extend credit under this section for any course completed to satisfy requirements of Section 10153.3 or 10153.4.

SEC. 3. Section 10170.5 of the Business and Professions Code is amended to read:

10170.5. (a) Except as otherwise provided in Sections 10153.4 and 10170.8, no real estate license shall be renewed unless the commissioner finds that the applicant for license renewal has, during the four-year period preceding the renewal application, successfully completed the 45 clock hours of education provided for in Section 10170.4, including all of the following:

(1) A three-hour course in ethics, professional conduct, and legal aspects of real estate, which shall include, but not be limited to, relevant legislation, regulations, articles, reports, studies, court decisions, treatises, and information of current interest.

(2) A three-hour course in agency relationships and duties in a real estate brokerage practice, including instruction in the

1 disclosures to be made and the confidences to be kept in the various
2 agency relationships between licensees and the parties to real
3 estate transactions.

4 (3) A three-hour course in trust fund accounting and handling.

5 (4) A three-hour course in fair housing.

6 (5) Not less than 18 clock hours of courses or programs related
7 to consumer protection, and designated by the commissioner as
8 satisfying this purpose in his or her approval of the offering of
9 these courses or programs, which shall include, but not be limited
10 to, forms of real estate financing relevant to serving consumers in
11 the marketplace; land use regulation and control; pertinent
12 consumer disclosures; agency relationships; capital formation for
13 real estate development; fair practices in real estate; appraisal and
14 valuation techniques; landlord-tenant relationships; energy
15 conservation; environmental regulation and consideration;
16 taxation as it relates to consumer decisions in real estate
17 transactions; probate and similar disposition of real property;
18 governmental programs such as revenue bond activities,
19 redevelopment, and related programs; business opportunities; and
20 mineral, oil, and gas conveyancing; *and California law that*
21 *relates to managing community associations that own, operate*
22 *and maintain common interest developments, including, but not*
23 *limited to, topics covered by the Davis-Stirling Common Interest*
24 *Development Act.*

25 (6) Other courses and programs that will enable a licensee to
26 achieve a high level of competence in serving the objectives of
27 consumers who may engage the services of licensees to secure the
28 transfer, financing, or similar objectives with respect to real
29 property, including organizational and management techniques
30 that will significantly contribute to this goal.

31 (b) Except as otherwise provided in Section 10170.8, no real
32 estate license shall be renewed for a licensee who already has
33 renewed under subdivision (a), unless the commissioner finds that
34 the applicant for license renewal has, during the four-year period
35 preceding the renewal application, successfully completed the 45
36 clock hours of education provided for in Section 10170.4,
37 including a six-hour update survey course that covers the subject
38 areas specified in paragraphs (1) to (4), inclusive, of subdivision
39 (a).

(c) Any denial of a license pursuant to this section shall be subject to Section 10100.

~~SEC. 2.~~

SEC. 4. Part 4 (commencing with Section 11500) is added to Division 4 of the Business and Professions Code, to read:

PART 4. THE COMMON INTEREST DEVELOPMENT
MANAGER REGISTRATION ACT

CHAPTER 1. PURPOSE AND DEFINITIONS

11500. This part shall be known and may be cited as the Common Interest Development Manager Registration Act.

11501. The primary purpose of this part is to (a) ~~institute~~ *recognize* consistent minimum standards of education, competence, and fair and ethical behavior for individuals who are hired for compensation as managers of common interest developments, including community apartment projects, planned developments, condominium projects, and stock cooperatives, as set forth in the Davis-Stirling Common Interest Development Act, Sections 1350 to 1376, inclusive, of the Civil Code; (b) promote statewide awareness of, and compliance with the laws governing common interest developments; (c) *help* ensure long-term viability of a major segment of the state's housing stock and its supporting infrastructure; and (d) protect the financial and personal investments of homeowners in common interest developments.

11502. The following definitions apply only to the provisions of this part.

(a) "Approved provider" means an organization qualified by the council to provide educational courses to common interest development managers.

(b) "Common interest development" means a residential development, as defined in Section 1351 of the Civil Code, ~~including each of the following:~~

~~(1) A community apartment project.~~

~~(2) A condominium project.~~

~~(3) A stock cooperative.~~

~~(4) A planned development.~~

(c) “Community association” means an incorporated or unincorporated association established to manage a common interest development in which membership is a condition of ownership, and which is authorized to impose assessments and fees upon the members of the association, *and where the governing body is authorized to hire for compensation a common interest development manager.*

(d) “Council” means the California Common Interest Development Manager Registration Council, established pursuant to Section 11507.

(e) “Financial services” means an act performed or offered for a ~~common interest development~~ or community association, including, but not limited to, the preparation of internal unaudited financial statements, internal accounting *and bookkeeping* functions, billing of assessments and ~~bookkeeping related~~ services ~~for a common interest development.~~

~~(f) “Individual” means a person who is in the process of applying to obtain registration.~~

~~(g)~~

(f) “Management services” means an act performed or offered to be performed in an advisory capacity, for compensation, for a ~~common interest development~~ *community association* including, but not limited to, the following:

(1) Administering or supervising the financial or common area assets of a *community association* or common interest development.

(2) Implementing resolutions and directives of the board of directors of the ~~common interest development~~ *community association* elected to oversee the operation of a common interest development, ~~as specified in Section 1365.5 of the Civil Code.~~

(3) Implementing provisions of governing documents, as defined in Section 1351 of the Civil Code, which govern the operation of the *community association* or common interest development.

(4) Administering a community association’s contracts, including insurance contracts, within the scope of the community association’s duties or with other common interest development managers, vendors, and other third-party providers of goods and services to a *community association* or common interest development.

1 ~~(h) “Person” means only a natural person and shall also mean~~
2 ~~an individual.~~

3 ~~(i)~~

4 (g) “Provisional registrant” means an individual who has
5 applied for and received a temporary registration issued pending
6 completion of all requirements for registration and who is working
7 under the supervision of a registrant, except as provided for in
8 subdivision (d) of Section 11517.

9 ~~(j)~~

10 (h) “Registrant” means an individual who, having satisfied the
11 requirements of this part, ~~has been~~ is registered as a common
12 interest development manager by the council.

13 11503. (a) “Common interest development manager”
14 means an individual who, in an advisory capacity, for
15 compensation or in expectation of compensation, whether acting
16 as an *agent*, an independent contractor ~~to~~, *employee of an agent*
17 *or independent contractor, or an employee of, general manager or*
18 *executive director of, or agent of a common interest development*
19 *a community association*, provides management or financial
20 services, negotiates an agreement to provide management or
21 financial services, or represents himself or herself to act in the
22 capacity of providing management or financial services ~~to a~~
23 ~~common interest development.~~

24 (b) “Common interest development manager” also means any
25 of the following:

26 (1) An individual who may be a partner in a partnership in the
27 capacity to advise and direct the activity of a registrant, or who acts
28 as a principal on behalf of a company that provides management
29 or financial services ~~to a common interest development.~~

30 (2) An individual operating under a fictitious business name
31 who provides management or financial services ~~to a common~~
32 ~~interest development.~~

33 (3) An individual who agrees to provide management or
34 financial services ~~to a common interest development.~~

35 (4) A supervisor of an individual who provides management or
36 financial services ~~to a common interest development.~~

37 11504. It is unlawful for any individual to act as a common
38 interest development manager in this state without first obtaining
39 a registration or a provisional registration issued by the council.
40 Nothing in this part shall be construed to require a ~~common interest~~

development community association to hire for compensation a common interest development manager, unless required to do so by the governing documents of the common interest development. *This section shall be operative on July 1, 2003.*

11505. The following persons and organizations may engage in the specified acts without being registered as a common interest development manager:

(a) An attorney at law or a ~~legal law~~ firm rendering legal services ~~to a common interest development or a community association.~~

(b) A licensed accountant providing *tax or* accounting services ~~or acting in the capacity of a certified public accountant~~, other than those described in Section 11503.

(c) A regulated financial institution providing ~~the scope of its~~ services *within the scope of its authority under applicable federal and state law.*

(d) A receiver, trustee in bankruptcy, or other person acting ~~under order~~ *as an officer* of a court of competent jurisdiction.

(e) A maintenance or repair person, security guard, janitor, housekeeper, receptionist, telephone operator, accounting or data entry clerk, staff person for a recreational or community relations program, administrative or clerical support personnel, customer service personnel, a construction manager performing work as a construction manager, and similar positions, who carry out duties other than those duties described in Section 11503.

11506. A partnership, corporation, or other business entity may perform acts for which registration is required if each person performing the tasks on behalf of the business entity is a registrant under this part, or is exempt as provided in Section 11505.

CHAPTER 2. THE CALIFORNIA COMMON INTEREST DEVELOPMENT MANAGER REGISTRATION COUNCIL

11507. ~~(a) The California Common Interest Development Manager Registration Council is hereby created. The council is a single organization that shall incorporate as a nonprofit California corporation. The council's initial governing body shall consist of not less than seven individuals. Six of the initial council representatives shall be individuals who are currently practicing as common interest development managers as defined in Section~~

1 ~~11503. Each member shall have a minimum of 10 years experience~~
2 ~~managing common interest developments in California. Each~~
3 ~~member and future members shall represent a society, association~~
4 ~~or other organization operating as a California nonprofit~~
5 ~~corporation, that chooses to participate in the council, and that~~
6 ~~represents individuals who, for compensation, work as common~~
7 ~~interest development managers as defined in Section 11503. Six~~
8 ~~of the initial members of the council shall include two~~
9 ~~representatives each from the California Association of~~
10 ~~Community Managers, the California Legislative Action~~
11 ~~Committee of the Community Associations Institute, and the~~
12 ~~Executive Council of Homeowners. The seventh member of the~~
13 ~~council shall be an attorney with a minimum of 10 years general~~
14 ~~counsel experience representing common interest developments~~
15 ~~in California. A majority of the manager members of the council~~
16 ~~shall appoint the attorney member. The seven representatives shall~~
17 ~~act as the council organizing committee and shall be responsible~~
18 ~~for ensuring that other organizations wishing to participate in and~~
19 ~~having representation on the council meet the criteria set forth in~~
20 ~~this section, and any other council guidelines for membership and~~
21 ~~participation as determined by the organizing committee.~~

22 ~~(b) The initial members of the council shall serve for a term of~~
23 ~~three years after the effective date of this statute. Thereafter, the~~
24 ~~bylaws of the council shall specify an election of qualified~~
25 ~~members to the council. The term of each council member elected~~
26 ~~by the registrants shall be three years.~~

27 ~~11508. The primary purpose of the council is to register any~~
28 ~~and all individuals that the council determines have met meet the~~
29 ~~educational and other required qualifications for becoming a~~
30 ~~common interest development manager as set forth in this part.~~

31 ~~11509. (a) The council's initial governing body shall consist~~
32 ~~of seven individuals. Six of the initial council members shall be~~
33 ~~individuals who are currently practicing as common interest~~
34 ~~development managers as defined in Section 11503. Each of the six~~
35 ~~members shall have a minimum of 10 years experience managing~~
36 ~~common interest developments in California and shall represent a~~
37 ~~society, association, or other organization operating as a~~
38 ~~California nonprofit corporation that chooses to participate in the~~
39 ~~council and that represents individuals who, for compensation,~~
40 ~~work as common interest development managers as defined in~~

1 *Section 11503. The seventh initial council member shall be an*
2 *attorney with a minimum of 10 years general counsel experience*
3 *representing community association in California.*

4 *(b) The initial members of the council shall act as the council*
5 *organizing committee and shall be responsible for ensuring that*
6 *other organizations wishing to participate in and having*
7 *representation on the council meet the criteria set forth in this*
8 *section, and any other council guidelines for membership and*
9 *participation as determined by the organizing committee.*

10 *(c) The initial members of the council shall serve for a term of*
11 *three years after the effective date of this part. This term shall begin*
12 *60 days after the effective date of this part. Thereafter, the bylaws*
13 *of the council shall specify an election of qualified members to the*
14 *council by registrants as set forth in subdivision (b) of Section*
15 *11510.*

16 *(d) The council shall appoint one council manager member*
17 ~~*who represents the participating organization with the largest*~~
18 ~~*number of individual common interest development manager*~~
19 ~~*members in this state, as the first presiding officer of the council.*~~
20 *That member shall serve in the capacity as presiding officer for the*
21 *first two years of the council's existence. Thereafter, the presiding*
22 *officer shall be elected annually by a majority of the council*
23 *membership. The council may hire staff to carry out clerical and*
24 ~~*administrative duties as necessary.*~~

25 *11510. (a) The council shall incorporate as a nonprofit*
26 *California Corporation. The council shall adopt a set of bylaws*
27 *governing its operations and membership. The bylaws shall be*
28 *adopted with a majority vote of the council's membership.*

29 *(b) The council shall establish an election process to elect all*
30 ~~*subsequent members to of the council by registrants in good*~~
31 ~~*standing in accordance with the requirements set forth in*~~
32 ~~*subdivision (b) of Section 11507. Each member duly elected to the*~~
33 *council in accordance with the bylaws, except for the requirement*
34 ~~*set forth attorney member specified in Section 11507, shall be a*~~
35 ~~*registrant in good standing currently practicing as a common*~~
36 *interest development manager. The bylaws shall establish that*
37 *each manager member of the council other than the initial*
38 *manager members shall have no less than five years of experience*
39 *managing common interest developments in California. The*
40 *attorney member of the council shall be an attorney with a*

1 *minimum of 10 years experience representing community*
2 *associations in California. The members of the council shall serve*
3 *for a term of three years..* The council may appoint a qualified
4 registrant to fulfill the term of a member of the council upon the
5 member's resignation, death, or other circumstances that prevent
6 the completion of a term.

7 (c) Upon enactment of mandatory registration *as specified in*
8 *Section 11504*, the bylaws shall be amended only by a vote or
9 written consent of a majority of a quorum of not less than 25
10 percent of ~~registered common interest development managers~~
11 *registrants* as of the record date *specified in the bylaws*. The
12 council shall establish reasonable procedures and requirements for
13 initiation of proposed bylaw amendment either by the council or
14 by the registrants.

15 11511. The council's duties include, but are not limited to, the
16 following:

17 (a) Creating qualifications for and developing an official roster
18 of approved providers that offer educational courses and programs
19 consistent with the educational requirements for common interest
20 development managers as set forth in Section 11512. Approved
21 providers may be listed by type or by the title of the specific
22 organization. ~~The council shall review and approve the curriculum~~
23 ~~of each organization that requests to be an approved provider.~~ The
24 council shall approve providers who satisfactorily offer the
25 necessary education and courses required by this part for common
26 interest development manager registration. The council shall
27 publish a roster of approved ~~provider~~ *providers*. The council shall
28 periodically review requests for approving providers, and update
29 its roster, but not less than once every six months. The council may
30 charge a fee for the processing of an application to become a
31 provider.

32 (b) The council shall develop an official application form
33 specifying the information an individual shall submit for the
34 purpose of becoming a ~~registered common interest development~~
35 ~~manager or applying for provisional registration~~ *registrant or*
36 *provisional registrant*. The council may charge a fee for the
37 processing of an application ~~to become a registrant~~ *form*.

38 (c) The council shall receive completed applications for
39 common interest development manager registration, and shall
40 review the credentials of the individual applicants to determine if

1 they meet the educational requirements set forth in Section 11512.
 2 The council may ~~consider experience or accept an~~ alternative
 3 ~~certifications~~ *certification* as described in ~~Sections 11513 and~~
 4 ~~11514~~ *Section 11513* as a substitute for all or part of an applicant's
 5 required education.

6 (d) Upon determining that an individual applicant has satisfied
 7 the educational *and other* requirements *pursuant to this part* to
 8 become a ~~common interest development manager registrant and,~~
 9 has paid any required fees, ~~and has provided proof of fidelity~~
 10 ~~insurance as required by Section 11522,~~ the council shall issue a
 11 registration to that individual. Each registration shall contain a
 12 unique registration number. The council shall register that
 13 individual in an index of registered common interest development
 14 managers along with ~~each~~ *that* individual's unique registration
 15 number. The index shall be made available to ~~every common~~
 16 ~~interest development~~ *any person or entity* in this state that requests
 17 a copy, as well as any law enforcement or government agency
 18 which requests a copy.

19 (e) The council may charge a fee to applicants to cover the costs
 20 of its duties. Fees shall not exceed the council's actual cost of doing
 21 business, as calculated on an annual basis. Application fees for the
 22 first year of the council's existence shall be based on an estimated
 23 cost basis. If at the conclusion of the first year, fees exceeded costs,
 24 the council may choose to refund any excess to applicants who
 25 have been registered, or apply any excess fees to applicants'
 26 registration renewals.

27 (f) The council shall set forth requirements for periodic
 28 registration renewal. Renewals shall not be required more than
 29 once every three years. Renewals shall, at a minimum, require
 30 every registered common interest development manager to have
 31 received continuing education as specified in Section 11516. The
 32 council may ~~establish additional renewal requirements as it deems~~
 33 ~~necessary and may~~ charge a fee for renewals.

34 (g) ~~The council may receive complaints about the conduct of~~
 35 ~~any common interest development manager it has registered. The~~
 36 ~~council may investigate the complaints to determine if a common~~
 37 ~~interest development manager has committed any violations~~
 38 ~~specified in Section 11517. If the council finds that a registered~~
 39 ~~common interest development manager has violated one or more~~
 40 ~~provisions of Section 11517, at its discretion, the council may~~

~~1 invoke disciplinary actions including, but not limited to,
2 suspension or revocation of a registration issued to that manager
3 and removal of his or her name from the registration index. The
4 council shall, as part of its bylaws, establish due process
5 procedures for any investigation it conducts, including, but not
6 limited to, notification to the manager that a complaint has been
7 received and that an investigation will be undertaken, and an
8 opportunity for the manager to respond to the allegations and
9 present the council with evidence that he or she did not commit an
10 alleged violation.~~

~~11 (g) The council may hire staff to carry out clerical and
12 administrative duties as necessary.~~

13
14 CHAPTER 3. COMMON INTEREST DEVELOPMENT MANAGER
15 REGISTRATION REQUIREMENTS
16

17 11512. In order to register as a common interest development
18 manager, the applicant shall remit any required application fee and
19 the council shall find that an applicant satisfactorily demonstrates
20 on his or her application that he or she meets the following
21 minimum qualifications:

~~22 (a) The applicant has not been convicted of a felony in the
23 previous five years.~~

~~24 (b)~~

25 (a) The applicant is at least 18 years of age.

~~26 (c)~~

27 (b) The applicant has successfully graduated high school or an
28 equivalent.

29 (d) The applicant is a United States citizen, has permanent
30 residency status, or has the legal right to work in the United States.

31 (e) The applicant is a California resident. If the applicant is not
32 a resident of California, he or she shall still be eligible to apply for
33 registration if he or she meets the educational and other
34 requirements in Section 11512 from an approved provider.

35 (f) The applicant has knowledge of the English language,
36 including reading, writing and spelling, and of arithmetical
37 computation common to community association and business
38 opportunity practices.

39 (g) The applicant has a general and fair understanding of
40 community association law and standard business practices.

1 ~~(h) The applicant has a general and fair understanding of the~~
2 ~~obligations between principals of community associations,~~
3 ~~standards of practice related to California common interest~~
4 ~~developments, and the canons of business ethics pertaining~~
5 ~~thereto.~~

6 ~~(i)~~

7 (c) The applicant has successfully completed the following
8 educational requirements:

9 (1) Sixteen hours of instruction in California law that is related
10 to the management of common interest developments, including,
11 but not limited to, the following courses of study:

12 (A) The topics covered by the Davis-Stirling Common Interest
13 Development Act, Sections 1350 to 1376, inclusive, of the Civil
14 Code, including, but not limited to, types of California common
15 interest developments, disclosure requirements ~~for~~ *pertaining to*
16 common interest developments, meeting requirements for
17 ~~common interest development governing bodies~~ *community*
18 *association boards of directors* and members, financial disclosure
19 and reporting requirements, and access to ~~common interest~~
20 ~~development~~ *community association* records.

21 (B) Personnel issues, including, but not limited to, general
22 matters related to independent contractor or employee status,
23 issues related to types of harassment, the Unruh Civil Rights Act,
24 *fair employment laws*, and the Americans with Disabilities Act.

25 (C) Risk management as it pertains to common interest
26 developments, including but not limited to required insurance
27 coverage and preventative maintenance programs.

28 (D) Property protection, including, but not limited to, general
29 matters relating to hazardous materials such as asbestos, radon and
30 lead, the Vehicle Code, local and municipal regulations, family
31 day care ~~centers~~ *homes*, energy conservation, Federal
32 Communications Commission rules and regulations, and solar
33 energy systems.

34 (E) The business affairs of ~~common interest developments~~
35 *community associations*, including, but not limited to, necessary
36 compliance with all required local, state and federal laws and
37 treatises.

38 (F) ~~Interpretation~~ *Basic understanding* of governing
39 documents, codes, and regulations relating to the activities and

1 affairs of *community associations* and common interest
2 developments.

3 (2) Fourteen hours of instruction in general management that
4 is related to the managerial and business skills needed for
5 management of a common interest development, including, but
6 not limited to, the following:

7 (A) Finance courses, including but not limited to budget
8 preparation, management and administration of *community*
9 association financial affairs, bankruptcy laws, and assessment
10 collection activities.

11 (B) Contract negotiation and administration.

12 (C) Supervision of common interest development employees
13 and staff. ~~This subject is only required if a certificate holder acts~~
14 ~~as a supervisor of employees.~~

15 (D) Management of common interest development
16 maintenance programs.

17 (E) Management and administration of ~~common interest~~
18 ~~development~~ rules, regulations, parliamentary procedures, and
19 architectural standards *pertaining to community associations and*
20 *common interest developments*.

21 (F) Management and administration of common interest
22 development recreational programs and facilities.

23 (G) Management and administration of owner and resident
24 communications.

25 (H) Training and strategic planning for the ~~governing body,~~
26 *community association's board of directors and* committees, and
27 other activities of residents in a California common interest
28 development.

29 (I) Risk management as it pertains to common interest
30 development properties, activities and emergency preparedness.

31 (J) Implementation of ~~common interest development~~
32 *community association* policies and procedures.

33 (K) Ethics for California common interest development
34 managers.

35 (L) Professional conduct and standards of practice for
36 California common interest development managers.

37 (M) Current issues relating to California common interest
38 developments.

39 11513. ~~An applicant for registration as a common interest~~
40 ~~development manager may petition the~~ *The council to may accept*

1 certifications that the applicant has previously received as an
 2 alternative to the educational requirements set forth in Section
 3 11512. ~~The council, at its discretion shall consider These~~
 4 ~~certifications including shall include,~~ but not necessarily be
 5 limited to, the certified community association manager (CCAM)
 6 designation given to an individual who has met the educational,
 7 experience and ethical qualifications established by the California
 8 Association of Community Managers, a statewide professional
 9 association, and the professional community association manager
 10 (PCAM) designation given to an individual who has met the
 11 educational, experience, and ethical qualifications established by
 12 the Community Associations Institute. Applicants ~~petitioning the~~
 13 ~~council to accept an alternative certification shall satisfy all other~~
 14 ~~shall be required to demonstrate that an alternative certification~~
 15 ~~satisfies all or part of the educational~~ requirements set forth in
 16 Section 11512, and shall submit any required application fee to the
 17 council.

18 ~~11514. An applicant for registration as a common interest~~
 19 ~~development manager may petition the council to accept a~~
 20 ~~minimum of three years of continuous experience as a practicing~~
 21 ~~common interest development manager in this state as an~~
 22 ~~alternative to part of the educational requirements set forth in~~
 23 ~~paragraph (2) of subdivision (i) of Section 11512. Applicants~~
 24 ~~petitioning the council to accept experience as an alternative to~~
 25 ~~those requirements shall satisfy all other requirements set forth in~~
 26 ~~Section 11512 and shall submit any required application fee to the~~
 27 ~~council. A person who is a licensed real estate broker, as defined~~
 28 ~~in Article 1 (commencing with Section 10130) of Chapter 3 of~~
 29 ~~Division 4, and who has completed the course work specified in~~
 30 ~~subparagraph (A) of paragraph (1) of subdivision (a) of Section~~
 31 ~~10153.2 in application for his or her license, or who has completed~~
 32 ~~the course work specified in paragraph (5) of subdivision (a) of~~
 33 ~~Section 10170.5 specifically pertaining to the provision of~~
 34 ~~management services to common interest developments or a~~
 35 ~~community association as defined under the Davis-Stirling~~
 36 ~~Common Interest Development Act, shall be allowed to register as~~
 37 ~~a common interest development manager pursuant to this part~~
 38 ~~upon payment of the applicable registration fee and submittal of~~
 39 ~~evidence as to the completion of course work specified herein.~~

1 ~~11515.~~—All registrations issued by the council pursuant to this
2 part shall be valid for three years from the date of the applicant's
3 registration. At the end of the three-year period, the registration
4 shall expire, unless renewed as set forth in Section ~~11516~~ 11515.

5 ~~11516.~~

6 11515. (a) ~~An individual~~ A registrant shall apply to the
7 council for the renewal of his or her registration no sooner than 90
8 days prior to the expiration of the registration. Proof of compliance
9 with the continuing education requirements set forth in this section
10 shall accompany the application for renewal.

11 (b) A registration shall be renewed only if the registrant
12 submits proof of successful completion of 15 hours of continuing
13 education by an approved provider, including all of the following:

14 (1) A minimum of seven hours of instruction in California law
15 by an approved provider pertaining to common interest
16 developments, including but not limited to relevant legislation,
17 regulations, articles, reports, studies, court decisions and treatises.

18 (2) Eight hours of instruction in other courses and programs by
19 an approved provider to enable a registrant to achieve a high level
20 of competence in serving the objectives of ~~consumers who~~
21 *community associations that* may engage the services of a
22 registrant to manage their common interest development,
23 including organizational and management techniques.

24 ~~11517.~~

25 11516. (a) The council may issue a provisional registration to
26 an individual actively engaged in completing the requirements for
27 registration who has not yet achieved the education necessary for
28 registration, provided that the individual (1) complies with all of
29 the other application requirements set forth in Section 11512 and
30 (2) works under the supervision of a registrant until all other
31 requirements have been satisfied.

32 (b) An individual who has applied for provisional registration
33 may lawfully provide services to a ~~common interest development~~
34 *community association* once an application has been filed with the
35 council and the applicant is working under the supervision of a
36 registrant.

37 ~~(c) The council shall require the provisional registrant to~~
38 ~~register the name and registration number of the registrant holder~~
39 ~~who will supervise his or her activities.~~

1 (c) *The supervising registrant shall submit to the council a*
2 *statement certifying that he or she agrees to supervise the*
3 *provisional registrant's activities.*

4 (d) A provisional registration shall automatically expire after
5 one year and shall not be renewed except that, on a showing of
6 good cause, the council may allow up to an additional 90 days after
7 the one-year period to satisfy the requirements for a registrant. An
8 individual may apply for registration prior to the expiration of his
9 or her provisional registration if he or she has satisfied all of the
10 requirements set forth in Section 11512.

11 (e) The council may waive the requirement set forth in
12 subdivision (b) if the council determines that a registrant is not
13 available to supervise a provisional registrant as required in
14 subdivision (b). If the council waives the requirement it may set
15 forth ~~comparable requirements~~ *an alternative* as deemed
16 necessary ~~for the provisional registration holder to meet the~~
17 ~~necessary requirements to become a registrant.~~

18 ~~11518. Any individual who is registered as a common interest~~
19 ~~development manager, or who has applied for a provisional~~
20 ~~registration, and who is either compensated or being considered~~
21 ~~for compensation by a common interest development, shall~~
22 ~~provide the common interest development with~~

23 *11517. On an annual basis any registrant or provisional*
24 *registrant who either provides or contemplates providing*
25 *management services or financial services to a community*
26 *association shall disclose to the board of directors of the*
27 *community association the following information:*

28 (a) A copy of his or her registration or provisional registration
29 number ~~or a statement of nonregistration.~~

30 (b) Proof that he or she has met the requirements for fidelity
31 insurance, as required by Section ~~11522~~ *11520*.

32 (c) The location of his or her primary office.

33
34 CHAPTER 4. ~~DENIAL, SUSPENSION OR~~ REVOCATION OF
35 REGISTRATION
36

37 ~~11519. Any of the following acts by an individual may be~~
38 ~~considered grounds for the council to deny that individual~~
39 ~~registration as a common interest development manager, or to~~
40 ~~suspend or~~

1 11518. *The council shall revoke a registration already or*
2 *provisional registration issued to that individual:*

3 ~~(a) He or she has procured or attempted to procure a registration~~
4 ~~by fraud, misrepresentation, or deceit, or by making material~~
5 ~~misstatements of fact in an application for registration, or any~~
6 ~~renewal thereof.~~

7 ~~(b) He or she has entered a common interest development~~
8 ~~manager upon the order of a court following a plea of nolo~~
9 ~~contendere to, been found guilty of, or been convicted of, or~~
10 ~~conviction of a felony or, a crime of moral turpitude, and the time~~
11 ~~for appeal has lapsed or the judgment of conviction has been~~
12 ~~affirmed on appeal, irrespective of an order granting probation~~
13 ~~following conviction, or a subsequent order under Section 1203.4~~
14 ~~of the Penal Code allowing the registrant to withdraw his or her~~
15 ~~guilty plea and enter a plea of not guilty, or dismissing the~~
16 ~~accusation or information.~~

17 ~~(c) He or she has knowingly authorized, directed, connived in,~~
18 ~~or aided in the publication, advertisement, distribution, or~~
19 ~~circulation of any materially false statement or representation~~
20 ~~concerning his or her business opportunity dealing with common~~
21 ~~interest development management.~~

22 ~~(d) He or she has willfully and falsely used the term “common~~
23 ~~interest development manager” or any other name or insignia in~~
24 ~~any community association organization of which he or she is not~~
25 ~~a member.~~

26 ~~(e) He or she has willfully disregarded or violated the~~
27 ~~Davis-Stirling Common Interest Development Act, the~~
28 ~~Corporations Code, or any rules or regulations pertinent to the~~
29 ~~operation of a common interest development.~~

30 ~~(f) He or she has acted or conducted himself or herself in a~~
31 ~~manner that would have warranted the denial of his or her~~
32 ~~application for registration, has had a registration or any type of~~
33 ~~license that was issued by a state agency of this or any other state~~
34 ~~or federal government denied, or has had a registration or license~~
35 ~~of any type denied, revoked, or suspended for acts, that, if done by~~
36 ~~a registrant, would be grounds for the revocation of the~~
37 ~~registration, if the registrant was provided fair notice of the~~
38 ~~charges and an opportunity for a hearing and other due process~~
39 ~~protections contained in Administrative Procedure Act, Chapter~~
40 ~~3.5 (commencing with Section 11340), Chapter 4 (commencing~~

1 ~~with Section 11370), and Chapter 5 (commencing with Section~~
2 ~~11500) of Part 1 of Division 3 of Title 2 of the Government Code,~~
3 ~~and only upon the express finding of a violation of law by the~~
4 ~~agency or entity.~~

5 ~~(g) He or she has demonstrated negligence or incompetence in~~
6 ~~performing any act for which he or she is required to have~~
7 ~~registration.~~

8 ~~(h) He or she as a registrant has willfully engaged in any other~~
9 ~~conduct constituting fraud or dishonest dealing.~~

10 ~~11520. The council shall establish a formal process to~~
11 ~~investigate complaints against registrants and provisional~~
12 ~~registrants. The council may investigate a complaint against a~~
13 ~~registrant or a provisional registrant if a written complaint is filed~~
14 ~~by another registrant, or the majority of a board of directors of a~~
15 ~~common interest development via a formal resolution.~~

16 ~~11521. The council may investigate any records of a common~~
17 ~~interest development pertaining to the activities of a registrant if~~
18 ~~the common interest development has lodged a complaint against~~
19 ~~a registrant and the council determines that an investigation of that~~
20 ~~complaint is warranted.~~

21 ~~11522. A registrant shall not be found to have willfully~~
22 ~~committed any of the acts set forth in Section 11518, or violated~~
23 ~~any provisions of this part, if the registrant was following a~~
24 ~~specific direction or order of the board of directors of the common~~
25 ~~interest development which employed that registrant, and the~~
26 ~~registrant has made a good faith effort to notify the board of~~
27 ~~directors of the issue.~~

28 ~~11523. turpitude, or a violation of this part pursuant to Section~~
29 ~~11519 by the registrant or provisional registrant.~~

30 ~~11519. (a) The superior court in and for the county in which~~
31 ~~an individual acts as a common interest development manager in~~
32 ~~violation of this part, may, upon petition by any person,~~
33 ~~organization, or other entity issue an injunction or other~~
34 ~~appropriate order restraining the conduct. The proceedings under~~
35 ~~this paragraph shall be governed by Chapter 3 (commencing with~~
36 ~~Section 525) of Title 7, of Part 2 of the Code of Civil Procedure.~~

37 ~~(b) A person who violates a provision of this part is guilty of a~~
38 ~~misdemeanor, which offense is punishable by a fine not exceeding~~
39 ~~one thousand dollars (\$1,000), or by imprisonment in a county jail~~
40 ~~for not more than one year, or by both.~~

(c) If a party is found liable in any action filed pursuant to this section, the party shall be required to pay all attorney's fees and court costs.

CHAPTER 5. FIDELITY INSURANCE OF ~~REGISTRANTS~~ *COMMON
INTEREST DEVELOPMENT MANAGERS*

~~11524.~~

~~11520.~~ (a) Each individual ~~registered pursuant to this part~~ *who acts as a common interest development manager* shall show evidence of fidelity insurance at all times while being compensated as a manager of a common interest development in an amount sufficient to protect the funds of the ~~common interest development~~ *community association*.

(b) The fidelity insurance required by this section shall be for the benefit of any person or persons damaged by any violation of this part by fraud, dishonesty, or the disappearance of funds.

(c) The fidelity insurance required by this section may be provided by the fidelity insurance policy of the ~~common interest development~~ *or community association* by a fidelity insurance policy that covers the funds ~~of the common interest development obtained by a management firm.~~ *of the community association*.

~~SEC. 3.~~

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.